

CITY OF  
**HAYWARD**  
HEART OF THE BAY

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# RECOMMENDED FY 2016 AND FY 2017 WATER AND SEWER RATES

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# Introduction

- Worksession to review:
  - Water and sewer rates and charges
  - Residential water connection fees

# Water Rates

- Pay for purchase and distribution of water
  - Service fee – fixed fee based on meter size
  - Water usage charge – variable charged based on consumption

# Water (Meter) Service Fees

- Pay for costs that do not vary with water purchases:
  - Meter reading
  - Billing
  - Customer service
  - Debt service
- Based on meter size
- Low fixed fee gives maximum control to customers – significantly lower in comparison to nearby agencies
- Higher fixed fee reduces revenue volatility
- A \$2 bimonthly increase (\$1 per month) proposed in each year
- Low income discount provided for qualified single-family residential customers

# Proposed Water Service Fees

Meter Size	Current	Proposed FY 2016	Proposed FY 2017
Low Income Residential	\$2.00	\$3.50	\$5.60
5/8 inch (most common)	\$12.00	\$14.00	\$16.00
3/4 inch	\$16.30	\$19.05	\$21.75
1 inch	\$24.70	\$28.90	\$32.95
1 1/2 inch	\$54.10	\$63.30	\$72.15
2 inch	\$95.20	\$111.40	\$127.00
3 inch	\$240.30	\$281.15	\$320.50
4 inch	\$476.00	\$556.90	\$634.90
6 inch	\$839.70	\$982.45	\$1,120.00
8 inch	\$1,162.40	\$1,360.00	\$1,550.50

# Water Rates - Major Factors

## Wholesale Water Costs

- Increased wholesale purchase cost – 28% in FY 2016
- BAWSCA debt surcharge - \$2.3M annually
- Overall cost about 2/3 of total Water Fund budget

## Water Consumption Trends

- Lower water consumption—9.1% to date in FY2015
- 8% reduction in per capita use (June-Feb) required
- Additional pressure on rates

## Investment in Water Conservation & Supply

- Conservation rebates and programs
- Advanced Metering Infrastructure
- Water supply development, e.g., recycled water

## Operation, Maintenance and Replacement

- Efficiencies implemented
- Modest operations and maintenance cost increases

# Proposed Water Rates

- Proposed rates and service fees will result in average overall increases of about 15% in FY 2016 and 9% in FY 2017
- New method proposed for calculating water bills for 2-4 unit residential customers, resulting in lower increases for some
- Non-residential increases of 12% and 9%

# Impact of Reduced Usage on Water Bills

- While the unit cost of water is higher, average water use decreased from 18 ccf (225 gpd) to 16 ccf (200 gpd) in recent years
  - Current cost for 18 ccf = \$107.00
  - Proposed water bill for 16 ccf = \$110.00
  - Proposed water for for 17 ccf = \$116.58
  - Effective increase is between 3% and 9%



# How Do Hayward's Proposed Rates Compare to Other Agencies

- Factors to consider in comparing rates
  - Degree of reliance on expensive SFPUC water supply
  - Water quality
  - System size (economies of scale)
  - How well the system performs
  - Operational flexibility in normal and emergency situations (investment in emergency wells, interties, storage, etc.)
  - Whether, and how much, community benefits are provided by the given utility

# Water Bill Comparisons – Residential

16 ccf through 5/8" meter (200 gallons per day)

Agency and Service Area	Bimonthly Billing
City of Burlingame (Service Fee: \$83.60)	\$186.76
City of Palo Alto (Service Fee: \$29.34)	\$119.54
City of Redwood City (Service Fee: \$52.26)	\$119.18
<b>City of Hayward (Proposed) (Service Fee: \$14.00)</b>	<b>\$110.00</b>
Alameda County Water District (only 30% SFPUC water) (Fremont, Union City, Newark) (Service Fee: \$41.54)	\$101.27
East Bay Municipal Utility District <sup>(1)</sup> (No SFPUC Water) (Oakland, Castro Valley, Unincorporated Alameda County) (Service Fee: \$36.38)	\$98.87
<b>City of Hayward (Current) (Service Fee: \$12.00)</b>	<b>\$95.60</b>
Dublin San Ramon Services District (No SFPUC water) (Dublin , San Ramon) (Service Fee: \$33.54)	\$94.46
Contra Costa Water District (No SFPUC water) (Concord, Walnut Creek) (Service Fee: \$34.24)	\$91.39

(1) Proposed FY 2016 Rates

# Water Costs for Everyday Activities



Taking an 8-minute shower: 15¢



Watering the yard for 15 minutes: 28¢



Doing one load of laundry in a modern clothes washer: 20¢



Flushing a high efficiency toilet: 1¢

# Sewer Service Rates

- Pay for collection, treatment and discharge of wastewater
- Rates calculated in accordance with State Sewer Revenue Program guidelines – based on cost of service

# Proposed Sewer Service Rates

- Major Factors in Proposed Rates:
  - Modest increases in costs of providing wastewater collection, treatment and disposal services
  - Reduction in some industrial discharges
- Recommendation:
  - FY 2016 - 3% residential increases
  - FY 2017 - 3% residential increases
  - 0% - 6% non-residential increases (depending on discharge volume and waste strength)

# Residential Sewer Rate Comparison

Agency and Service Area	Bimonthly Billing
City of Oakland Collection (Oakland) - \$22.24 Treatment (EBMUD) <sup>(1)</sup> - \$22.40	\$44.64
City of San Leandro	\$32.27
Dublin San Ramon Services District	\$31.86
Union Sanitary District	\$29.75
<b>City of Hayward (Proposed)</b>	<b>\$28.93</b>
<b>City of Hayward (Current)</b>	<b>\$28.09</b>
Castro Valley Sanitary District	\$25.25
Oro Loma Sanitary District	\$17.16

(1) Proposed FY 2016 Rates

# Overall Impact of Proposed Rates

Single-Family Residential Customer – 200 gpd Water Use  
and Standard Sewer Service

	Current	Proposed FY 2016	Proposed FY 2017
Sewer service	\$28.09	\$28.93	\$29.80
Water usage	\$83.60	\$96.00	\$103.52
Water service	\$12.00	\$14.00	\$16.00
Total	\$123.69	\$138.93	\$149.32
<b>Bimonthly Increases</b>		<b>\$15.24</b>	<b>\$10.39</b>
Percent Change		12%	7%

# Water and Sewer Connection Fees

- Pay for infrastructure needed to serve new development
- No fee increases recommended
- Proposed change in method for calculating residential water connection fees



# Residential Water Connection Fees

## Current Fee Assessment:

- Uniform fee of \$8,106 regardless of meter size and domestic water demand
- Implemented due to new fire code regulations requiring sprinklers in new residential construction
- Based on weighted average fee for three most common residential meter sizes at time of adoption

## Proposed Fee Assessment

- Assess fee according to actual meter size needed for domestic water demand – more equitable distribution of costs
- No averaging
- Phase in fee for 1" meter over two years

# Proposed Changes in Residential Water Connection Fees

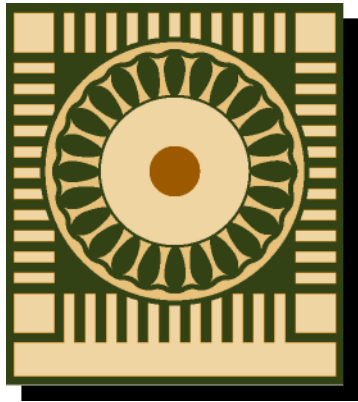
	Current	Proposed FY 2016	Proposed FY 2017
5/8 inch	\$8,106	\$6,484	\$6,484
3/4 inch	\$8,106	\$9,730	\$9,730
1 inch	\$8,106	\$12,158	\$16,210

# Comparison with Other Water Agencies

Agency	3/4 inch	1 inch
City of Dublin Dublin San Ramon Services District Zone 7 Water	\$55,613	\$92,687
Contra Costa Water District	\$28,450	\$47,416
EBMUD	\$27,830	\$46,480
<b>City of Hayward Proposed</b>	<b>\$9,730</b>	<b>\$16,210</b>
Alameda County Water District	\$8,605	\$8,605
<b>City of Hayward Current</b>	<b>\$8,106</b>	<b>\$8,106</b>

# Schedule

- Work session: June 2
- Public noticing: June 5 – July 21
- Public hearing and adoption of rates: July 21
- Effective dates: October 1, 2015 and October 1, 2016



# Recommended FY 2016 and FY 2017 Water and Sewer Rates

## Questions/Comments/Discussion